

publication needs must negotiate and contract directly with BAPCO. Accordingly, the Commission determined it would not address issues involving BAPCO in this proceeding. Finally, according to the information BAPCO has filed in this proceeding, on August 14, 1996, it entered into a complete directory publications agreement with AT&T. AT&T has produced no new evidence to indicate that the Commission should reconsider its November 21, 1996 decision.

VIII. ACCESS TO TEN SPECIFIED UNBUNDLED NETWORK ELEMENTS REQUESTED BY AT&T (PARTIES' ISSUE 14)

AT&T requests that BellSouth unbundle ten specific elements and their features, functions, and capabilities. As AT&T states, the Commission has previously found that it is technically feasible for BellSouth to provide these elements.¹⁶ A mutual resolution has been reached for eight of the requested elements, while issues regarding the AIN and the Network Interface Device ("NID") remain in dispute.

BellSouth agrees to provide unbundled access to its AIN elements; however, it argues that mediation devices are necessary to ensure network reliability and security.¹⁷ The Commission therefore requires AT&T to network through a mediation device for a 90 day period. If, during this period, AT&T exhibits its ability to interface reliably within the AIN network, use of mediation devices shall be discontinued.

¹⁶ See AT&T Post-Hearing Brief at 41, citing the Commission's Order in Case No. 96-431, at 15.

¹⁷ BellSouth Post-Hearing Brief at 29.

BellSouth also raises the issue of safety and network reliability in regard to the unbundling of the NID.¹⁸ AT&T has offered a resolution of the safety issue.¹⁹ Safety performance and reliability are required by the Commission of all carriers. Therefore, the Commission determines that BellSouth shall provide nondiscriminatory access to the NID.

IX. PRICES FOR EACH UNBUNDLED ELEMENT AT&T HAS REQUESTED (PARTIES' ISSUE 23)

The parties have submitted cost studies which rely upon different methodologies and purport to calculate the forward looking total element long run incremental cost ("TELRIC") of BellSouth's unbundled network elements. AT&T used the Hatfield model to derive its estimates of BellSouth's TELRIC element costs as did MCI in Case No. 96-431. The Commission here reaffirms its decision in Case No. 96-431 not to use the Hatfield model as its primary methodology because it does not reflect BellSouth's actual network design and costing processes. BellSouth's TELRIC studies use engineering process models and certain accounting data to estimate its forward-looking TELRIC costs. The Commission finds, however, that the Hatfield model is a useful tool which can be used as an independent estimate to check the reasonableness of BellSouth's TELRIC estimates, particularly since the assumptions underlying the Hatfield model are available for public scrutiny.

Because the arguments offered in this case do not differ in relevant substance from those offered in Case No. 96-431, the Commission sees no reason to revisit the

¹⁸ BellSouth Post-Hearing Brief at 27.

¹⁹ AT&T Post-Hearing Brief at 43 (guaranteeing that it will use properly trained technicians in grounding any BellSouth loops and will comply with the National Electric Safety Code).

issues decided in that case and finds, based upon the principles discussed and the decisions reached in that Order, as follows:

For the unbundled loop categories, an \$18.20 rate should be set for 2-wire loops. From this base loop rate, we followed the relationship between BellSouth's 2-wire TELRIC and the TELRICs for other loop categories. The \$18.20 reconciles the difference between BellSouth's loop study in Administrative Case No. 355 and that submitted in this case. Within 60 days of the date of this Order, BellSouth should, however, provide TELRIC studies for those unbundled network elements for which it has not provided a TELRIC estimate, including the NID and non-recurring charges.

Due to time constraints, the complexity of BellSouth's cost models, and the concerns discussed fully in the final Order in Case No. 96-431, the Commission will conduct additional investigation. The unbundled network element rates prescribed herein reflect the Commission's concerns regarding BellSouth's TELRIC studies. The Commission has made temporary adjustments to BellSouth's cost study results and has set unbundled network element prices accordingly. See Appendix 2. These rates are intended to be temporary pending further investigation of the TELRIC studies and pending consideration of the extent to which non-traffic sensitive ("NTS") and NECA universal service payments may support local service cost recovery. To the extent that adjustments to costs and prices are warranted, the Commission will conduct a true-up on a prospective basis.

In setting initial prices for unbundled elements, the Commission adhered to the following principles first adopted in Case No. 96-431: if BellSouth has furnished a

TELRIC study, the price is equal to TELRIC; if no BellSouth TELRIC has been furnished, we looked to AT&T's Hatfield TELRIC; if neither BellSouth nor AT&T TELRIC study was relevant, we looked to BellSouth's proposed true-up price; and if none of the above was available, we looked to BellSouth's existing tariffed rate.

Finally, the recovery of NTS revenue streams is also of concern to this Commission. In Administrative Case No. 355, the Commission signaled its intent to allow LECs to continue to recover their NTS revenues, currently recovered through toll and access charges, through a universal service fund. Some years ago, each LEC's NTS revenue requirement was residually calculated and was intended to support local service. The Commission does not, however, intend that local service costs currently being recovered through access charges and ultimately through the universal service fund will be recovered twice.²⁰ After examining BellSouth's cost studies and pricing proposals, the Commission cannot ascertain whether or how these local service costs have been considered. This issue will figure prominently in the Commission's upcoming investigation.

X. PRICES FOR CERTAIN SUPPORT ELEMENTS
RELATING TO INTERCONNECTION AND NETWORK
ELEMENTS (PARTIES' ISSUE 26)

AT&T asserts that access to poles, conduits, ducts, and rights-of-way should be priced at TELRIC plus a reasonable allocation of forward-looking joint and common

²⁰ The Commission has related concerns regarding NECA support payments and the extent to which local service costs are recovered in those.

costs. AT&T also asserts that BellSouth should be required to produce adequate cost documentation to enable the Commission to set cost-based prices.

BellSouth proposes that established tariffed or contract prices should be used for existing support functions or services and that, to the extent a new support function is necessary, the price should be set at cost plus a reasonable profit. The parties also disagree on terms for interim number portability and physical collocation.

The Commission finds that the rates for access to poles, ducts, conduits, and rights-of-way should be developed consistently with principles found at 47 U.S.C. Section 224(d). In addition, the Commission reaffirms its decision in Case No. 96-431 that each LEC should bear its own costs for providing remote call forwarding as an interim number portability option. Finally, the Commission finds that the costs for physical collocation on BellSouth's premises should be based on comparable prices for leased office space per square foot.

XI. LIMITATIONS ON AT&T'S ABILITY TO COMBINE
UNBUNDLED NETWORK ELEMENTS WITH ONE
ANOTHER, WITH RESOLD SERVICES, OR WITH
AT&T'S OR A THIRD PARTY'S FACILITIES
TO PROVIDE TELECOMMUNICATIONS SERVICE
(PARTIES' ISSUE 15)

AT&T states that the Commission has already decided that BellSouth may not restrict a new entrant's ability to "combine network elements with one another, with resold services, or with its own or a third party's facilities."²¹ AT&T is correct that the Commission has ruled that BellSouth must, in accordance with the Act, at Section

²¹ AT&T Brief at 12, citing Case No. 96-431, Final Order dated December 20, 1996, at 20-21.

251(c)(3), provide network elements "In a manner that allows requesting carriers to combine such elements in order to provide such telecommunications service." The Commission affirms that decision here and rejects BellSouth's argument that the purchase of elements to create service pursuant to Section 251(c)(3) must be priced at the rate for purchase of service for resale under Section 251(c)(4). However, AT&T is incorrect in asserting that the Commission has ruled that new entrants must be permitted to combine network elements purchased from BellSouth with resold services.

AT&T may combine network elements, whether those elements are its own or are purchased from BellSouth, in any manner it chooses to provide service. If AT&T wishes to purchase service for resale from BellSouth pursuant to Section 251(c)(4), it purchases the entire service as is and at the resale rate.

XII. WHETHER BELLSOUTH MUST MAKE RIGHTS-OF-WAY
AVAILABLE TO AT&T ON TERMS AND CONDITIONS IT
PROVIDES TO ITSELF (PARTIES' ISSUE 16)

BellSouth and AT&T agree that right-of-way space should not be reserved by any party and that available space should be allocated on a "first come, first served" basis. However, BellSouth believes, as AT&T does not, that it should not be required to give access to its maintenance spare at any time. A maintenance spare is space reserved on a pole or in a conduit on which BellSouth can place facilities quickly in response to an emergency such as that created by a cut or destroyed cable. BellSouth argues that extensive delays in service restoration could result if BellSouth's maintenance spare is forfeited. AT&T's position is that there should be a common emergency duct and inner duct for use in emergency service restoration situations. AT&T does not discuss

maintenance spares attached to poles. AT&T also proposes a priority restoration schedule.

Because the Commission believes interrupted service must be promptly restored, it will not order BellSouth to forfeit its maintenance spares. Neither will the Commission order the arrangement promoted by AT&T since the need for access to maintenance capabilities relative to cable restoration is only required when an ALEC has placed its own cable, a situation which has not yet arisen. Complaints or further consideration of AT&T's proposal will be considered as ALECs begin to run their own cable. In addition, because the restoration plan used by BellSouth in the past meets the Commission's minimum requirements, no modified plan need be established.

Other proposals made by AT&T are as follows: (1) occupation of specific pole attachment and duct space should be determined by joint engineering arrangements between AT&T and BellSouth; (2) AT&T should be permitted to lash its cable to the existing facilities of other carriers as well as to its own; (3) BellSouth should advise AT&T of environmental, health and safety inspections; (4) manhole space for racking and storage of cable should be provided; and (5) BellSouth should acknowledge the presence of environmental contaminants in its conduit system.

Pursuant to federal law, ILECs must provide to ALECs the same access to rights-of-way that they provide themselves. This mandate encompasses all of the above items; therefore, it is not necessary to address each issue independently. BellSouth must provide the same rights-of-way access, notifications and arrangements to competing carriers as it provides itself. Should instance arise where AT&T or any other ALEC

believes discrimination has occurred, the complaint process is available to resolve the issues.

**XIII. ACCESS TO UNUSED TRANSMISSION MEDIA
(PARTIES' ISSUE 19)**

Unused transmission media constitute a valuable resource to the public switched network, and therefore AT&T should have the right to lease or buy it from BellSouth for the provision of telecommunications services. The Commission originally concluded in Case No. 96-431 that the ALEC should begin construction using any requested fiber within six (6) months of the execution of a lease or buy contract. The Commission further concluded that the ALEC should not propose to lease or buy unused transmission media for future unspecified use and that BellSouth should not refuse to lease or sell it to the ALEC without legitimate business purposes. However, in Case No. 96-431,²² the Commission amended its decision to state that, if BellSouth refuses a request, it should show that it will need this unused transmission media within three (3) years rather than the five (5) years specified in the December 20, 1996 Order.

The Commission regards unused transmission media as a pathway for telecommunications service such as a pole, duct, conduit, or right-of-way. Therefore, unused transmission media is neither an unbundled element nor a telecommunications service available for resale. Because it fits neither of these definitions it shall not be priced as such. The parties are free to negotiate rates and may bring complaints regarding unfair pricing or restrictions of use to the Commission.

²² Case No. 96-431, Order dated January 29, 1997.

**XIV. PRICE FOR CALL TRANSPORT AND TERMINATION/BILL
AND KEEP (PARTIES' ISSUES 24 AND 25)**

AT&T argues that the price for the transport and termination of local traffic should be set at TELRIC. BellSouth argues that TELRIC pricing is inappropriate and that the rate for transport and termination should be established to recognize local traffic's relationship to intrastate switched access because local interconnection provides the same functionalities as switched access.

The Commission has concluded that interconnection should be priced at cost plus a reasonable profit based on Section 252(d)(1) of the Act. Thus, the pricing for termination of local calls should be at TELRIC so that this compensation is based on actual cost instead of upon subsidies that are present in existing rates.

The Commission has stated that "the market will be best served by swift development of the necessary recording and billing arrangements to provide reciprocal compensation among local carriers."²³ Thus, the Commission will require reciprocal compensation unless the two parties agree to a bill and keep arrangement not to exceed one year.

**XV. WHETHER BELL SOUTH MUST PRICE BOTH LOCAL
AND LONG DISTANCE ACCESS AT COST (PARTIES' ISSUE 27)**

AT&T argues that because access, whether local or long-distance, is a "network element" pursuant to the Act, it must be sold to AT&T at the cost-plus formula provided in Section 252(d)(1) of the Act. However, Section 251(c)(2) of the Act specifically requires ILECs to interconnect with other carriers for the "transmission and routing of

²³ Case No. 96-431, Order dated January 29, 1997 at 10.

telephone exchange service and exchange access." AT&T offers no convincing reason why Section 251(c) should be interpreted to include long-distance access as well as exchange service. Furthermore, the FCC has previously decided that if an IXC requests interconnection to originate or terminate its interexchange traffic, it is not entitled to receive interconnection pursuant to Section 251(c)(2). Accordingly, the Commission agrees with BellSouth that this issue is beyond the scope of this arbitration proceeding and dismisses it from consideration.

**XVI. RATES FOR COLLECT, THIRD PARTY, AND
INTRALATA CALLS (PARTIES' ISSUE 28)**

AT&T proposes that BellSouth be required to use the Centralized Message Distribution System ("CMDS") process currently used on an interLATA basis for billing of intraLATA collect, third-party, and calling card calls where all such calls are billed at the originating service provider's rates.

BellSouth maintains that a regional system for processing these types of calls does not exist today and that BellSouth can only bill its own retail rates for these calls because it has no access to AT&T's rates. BellSouth says it will provide AT&T the requested capabilities on a state-specific level, but cannot, at this time, do so regionally.

The Commission finds it inappropriate in this proceeding to require regional uniformity through implementation of CMDS in the manner proposed by AT&T. Accordingly, BellSouth may bill its own rates for intraLATA collect and third number calls.

XVII. APPROPRIATE CONTRACTUAL TERMS AND CONDITIONS INCLUDING DISPUTE RESOLUTION, PERFORMED REQUIREMENTS, LIABILITY/INDEMNITY, SPECIFIED "DIRECT MEASURES OF QUALITY," EXPLICIT ASSUMPTION BY BELL SOUTH OF RESPONSIBILITY FOR CAUSING AT&T UNCOLLECTIBLES (PARTIES' ISSUES 3, 4, 29)

The Act requires, at Section 251(c)(2)(C), that ILECs must provide service to requesting carriers "that is at least equal in quality to that provided by the local exchange carrier to itself or to any subsidiary, affiliate, or any other party to which the carrier provides interconnection." Issues numbered 3, 4, and 29 of the Joint Issues List deal with demands made by AT&T that it says are necessary to ensure that BellSouth complies with its responsibilities under the Act. AT&T asks for specified Direct Measures of Quality; terms to ensure that BellSouth will assume responsibility for its errors in causing AT&T unbillable or uncollectible revenues; and terms providing for dispute resolution, performance requirements, and liability and indemnity.

AT&T argues that, since BellSouth has a monopoly, AT&T can only look to it to purchase service for resale, interconnection, or unbundled elements. Consequently, AT&T concludes that mechanisms must be in place to ensure that BellSouth complies with the Act.

The Commission agrees that negotiated terms for alternative dispute resolution, objective measurements of the parties' expectations, and mutual liability provisions may be useful to both parties to any contract. However, it is unnecessary for the Commission to require any such terms and conditions. The service parity requirements of the Act are clear, and BellSouth has not indicated that it will fail to abide by them. There is no reason for this Commission to assume that BellSouth will not in good faith comply with

its obligations under the law. Should problems arise regarding the quality of service provided, AT&T may bring the matter to the Commission's attention.

Having reviewed the record and having been otherwise sufficiently advised, the Commission THEREFORE ORDERS that:

1. The parties shall renew their negotiations to complete their agreement in accordance with the principles and limitations described herein.
2. Best and final offers on terms which are encompassed within the arbitrated issues and upon which the parties remain unable to agree shall be filed within 30 days of the date of this Order.
3. Additional cost studies required to complete the Commission's investigation into appropriate pricing as discussed herein and in the final Order in Case No. 96-431 shall be filed by BellSouth within 30 days of the date of this Order.

Done at Frankfort, Kentucky, this 6th day of February, 1997.

By the Commission

DISSENT OF CHAIRMAN LINDA K. BREATHITT

I respectfully dissent from Section XI, Parties' Issue 15 regarding pricing of recombined network elements. My rationale is set forth in Case No. 96-431, Petition by MCI for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale under the

02-06-97 01:39PM FROM REGULATORY

TO 914045295122

P004/012

FEB. 6 1997 1:03PM PSC 502 564 3460

NO.294 P.5/13

Telecommunications Act of 1996, Order dated January 29, 1997 (Linda K. Breathitt, dissenting).


Linda K. Breathitt
Chairman

ATTEST:


Executive Director

02-06-97 01:39PM FROM REGULATORY

TO 914045295122

P005/012

FEB. 6. 1997 1:03PM PSC 502 564 3460

NO. 294 P. 6/13

APPENDIX 1

**AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 96-482 DATED February 6, 1997.**

Avoided Cost Analysis
BellSouth - Kentucky
\$ in (000's)

Acct. No.	Account Title	1995 Regulated Amounts ARMIS 43-03	Avoided Amount	Percentage
6611	Product Management	7,081	1,822	22.91%
6612	Sales	12,804	11,038	87.58%
6613	Product Advertising	4,488	4,245	94.35%
6220	Operator Systems	3,318	0	0.00%
6533	Testing	8,625	0	0.00%
6534	Plant Operations Admin.	17,070	0	0.00%
6550	Depr. / Amort. Op. Sys.	225	0	0.00%
6621	Call Completion	3,318	2,488	75.02%
6622	Number Services	8,553	6,415	75.00%
6623	Customer Service	40,635	26,868	66.37%
	Less - Access Cost		0	
	Total Directly Avoided		52,777	
5301	Uncollectibles	5,545	5,545	100.00%
6121	Land & Building	15,316	2,127	13.89%
6122	Furniture & Artworks	414	57	13.89%
6123	Office Equipment	1,203	167	13.89%
6124	Gen. Purpose Computer	15,953	2,216	13.89%
6560	Depr. / Amort. - Gen. Support	14,188	0	0.00%
6711	Executive	2,092	291	13.89%
6712	Planning	855	119	13.89%
6721	Accounting & Finance	5,883	817	13.89%
6722	External Relations	6,594	916	13.89%
6723	Human Resources	7,274	1,010	13.89%
6724	Information Management	28,278	3,927	13.89%
6725	Legal	2,335	324	13.89%
6726	Procurement	1,915	268	13.89%
6727	Research & Development	1,583	220	13.89%
6728	Other General & Administrative	35,471	5,065	13.89%
	Less - Misc. Costs		0	
	Total Indirectly Avoided		23,067	
	Total Direct Avoided		52,777	
	Total Direct Expenses		380,027	
	Allocation Factor - Direct		13.89%	
	Return & Income Taxes		0	
	Total Avoided Costs + Return		75,844	
	Total Revenues - Intra		486,483	
	Wholesale Discount Factor		16.28%	

02-06-97 01:39PM FROM REGULATORY

TO 914045295122

P007/012

FEB. 6. 1997 1:03PM PSC 502 564 3450

NO. 294 P. 8/13

APPENDIX 1A

**AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 96-462 DATED February 6, 1997.**

Computation of Residential & Business Wholesale Rates

I. BellSouth Sponsored Study

	Amount	%
Residential Revenue	236,817,412	57.53%
Business Revenue	<u>174,682,359</u>	42.47%
Total Revenue	411,299,771	
Residential Expenses	23,017,341	59.40%
Business Expenses	<u>15,734,166</u>	40.60%
Total Expense	38,751,507	

II. KY PSC Calculation of Separate Discount Rate

Based on Recommended Discount Rate \$ In (000's)

Revenues	466,483 x 57.53% =	268,364
	466,483 x 42.47% =	198,119
Expenses	75,844 x 59.40% =	45,049
	75,844 x 40.60% =	30,795
Residential Discount	45,009 / 268,364 =	16.79%
Business Discount	30,795 / 198,119 =	15.54%

02-06-97 01:39PM FROM REGULATORY

TO 914045295122

P009/012

FEB. 6, 1997 1:03PM PSC 502 564 3460

NO.294 P.10/13

APPENDIX 2

**AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 96-482 DATED February 6, 1997.**

BELLSOUTH - AT&T LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION
	Decision
Unbundled Loops*	
2-Wire Analog Voice Grade Loop, Per Month	\$18.20
Nonrecurring	\$58.40
4-Wire Analog Voice Grade Loop, Per Month	\$25.48
Nonrecurring	\$58.40
2-Wire ISDN Digital Grade Loop, Per Month	\$29.12
Nonrecurring	\$58.40
2-Wire ADSL/HDSL Loop, Per Month	\$18.20
Nonrecurring	\$58.40
4-wire HDSL Loop, Per Month	\$25.48
Nonrecurring	\$58.40
4-Wire DS1 Digital Grade Loop, Per Month	\$60.08
Nonrecurring - First / Additional	\$775.00 / \$335.00
Network Interface Devices*	
Network Interface Device	\$1.80
Nonrecurring	
Unbundled Exchange Access IOG	
0 - 8 Miles, Fixed Per Month	\$16.14
Per Mile, Per Month	\$0.0301
9 - 25 Miles, Fixed Per Month	\$17.18
Per Mile, Per Month	\$0.0726
Over 25 Miles, Fixed Per Month	\$18.41
Per Mile, Per Month	\$0.0831
Nonrecurring	\$93.00
Unbundled Local Switching**	
Unbundled Exchange Ports	
2-wire Analog, Per Month	\$2.61
Nonrecurring - First / Additional	\$50.00 / \$18.00
4-wire Analog (Coin), Per Month	\$3.04
Nonrecurring - First / Additional	\$50.00 / \$18.00
4-wire ISDN DS1, Per Month	\$275.48
Nonrecurring - First / Additional	\$230.00 / \$200.00
2-Wire ISDN Digital, Per Month	\$12.39
Nonrecurring - First / Additional	\$150.00 / \$120.00
2-Wire Analog Hunting - per line - Per Month	\$0.29
Nonrecurring	\$3.00
<p>*BellSouth has included NIDs as a component of its unbundled loops. The Commission in its Order is requiring BellSouth to complete TELRIC Studies to separate the unbundled loop and NID elements.</p> <p>**Nonrecurring rates for unbundled loops have been adjusted downward during negotiations and are not tariffed rates.</p>	

BELLBOUTH - AT&T LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION
	Decision
Unbundled Local Usage (Restructured Switching)	
End Office Switching, Per MOU	\$0.002562
Tandem Switching, Per MOU	\$0.001174
Common Transport, Per Mile, Per MOU	\$0.000824
Common Transport, Facility Termination, Per Month	\$0.00036
Local Interconnection*	
End Office Switching, Per MOU	\$0.0020
Tandem Switching, Per MOU	\$0.0030
Common Transport, Per Mile, MOU	\$0.0009
Common Transport - Facility Termination, Per MOU	\$0.0009
Intermediary Tandem, Per MOU**	\$0.00200
Dedicated Transport - DS1 only	
Per Mile, Per Month	\$23.00
Facility Termination, Per Month	\$90.00
Facility Termination, Nonrecurring	\$100.49
Channelization System - For Unbundled Loops	
Unbundled Loop System (DS1to VG) per sys/per mo.	\$429.33
Nonrecurring	\$525.00
Central Office Interface Per Circuit, Per Month	\$1.26
Nonrecurring	\$8.00
CCS7 Signaling Transport Service	
Signaling Connection Link, Per 56 Kbps, Per Month	\$13.86
Nonrecurring	\$510.00
Signaling Termination (Port), Per STP, Per Month	\$22.70
Signaling Usage, Per 56 Kbps Facility, Per Month	\$395.00
800 Access Ten Digit Screening Service	
Monthly Rates	
Per 800 Call Utilizing 800 Access Ten Digit Screening Service with 800 Number Delivery, Per Query	\$0.0010
Per 800 Call Utilizing 800 Access Ten Digit Screening Service with 800 Number Delivery, with Optional Complex Features, Per Query	\$0.0011
Per 800 Call Utilizing 800 Access Ten Digit Screening Service with POTS Number Delivery, Per Query	\$0.0010
Per 800 Call Utilizing 800 Access Ten Digit Screening Service with POTS Number Delivery, with Optional Complex Features, Per Query	\$0.0011
* Local Interconnection is defined as the transport and termination of local traffic between facility based carriers.	
** The tandem intermediary charge applied only to intermediary traffic and is applied in addition to applicable local interconnection charges.	

BELLSOUTH - AT&T LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION Decision
800 Access Ten Digit Screening Service (continued) Nonrecurring Reservation Charge Per 800 Number Reserved - First / Additional Establishment Charge Per 800 Number Established with 800 Number Delivery - First / Additional Establishment Charge Per 800 Number Established with POTS Number Delivery - First / Additional Customized Area of Service Per 800 Number - First / Additional Multiple Inter-LATA Carrier Routing Per Carrier Requested, Per 800 Number - First / Additional Change Charge Per Request - First / Additional Call Handling and Destination Features Per 800 Number	\$27.50 / \$.50 \$55.00 / \$1.50 \$55.00 / \$1.50 \$3.00 / \$1.50 \$3.50 / \$2.00 \$45.00 / \$1.50 \$3.00
Line Information Database Access Service Common Transport, Per Query, Per Month Validation, Per Query, Per Month Nonrecurring - Orig. Point Code Establishment or Change	\$0.00006 \$0.00838 \$91.00
Operator Services Operator Call Processing Access Service Operator Provided, Per MOU Using BST LIDB Using Foreign LIDB Fully Automated, Per Attempt Using BST LIDB Using Foreign LIDB	\$1.6016 \$1.6249 \$0.0856 \$0.1071
Inward Operator Services Access Service Verification, Per Call Emergency Interrupt, Per Call	\$1.00 \$1.11
Directory Assistance Access Service Calls Per Call	\$0.3163
Directory Assistance Database Service Use Fee, Per DADS Cust's EU Request/Listing Monthly Recurring	\$0.0193 \$120.76
Direct Access to Directory Assistance Service (DADAS) Database Service Charge, Per Month Database Query Charge, Per Query Nonrecurring - DADAS Service Establishment	\$7,235.01 \$0.0052 \$1,000.00
DACC Access Service Per Call Attempt	\$0.058
Number Services Intercept Access Service Per Intercept Query	\$0.084

BELLSOUTH - AT&T LOCAL INTERCONNECTION AND NETWORK ELEMENT PRICES

NETWORK LOCAL INTERCONNECTION/ELEMENT	COMMISSION
	Decision
Directory Transport	
Switched Common Transport, Per DA Service Call	\$0.000175
Switched Common Transport, Per DA Service Call Mile	\$0.000004
Access Tandem Switched, Per DA Service Call	\$0.000783
Sw. Local Channel - DS 1 Level, Per Month	133.81/mo.
Nonrecurring - First / Additional	\$886.91 / \$486.83
Sw. Dedicated Transport - DS 1 level, Per Mile, Per Month	\$23.00
Facilities Termination, Per Month	\$90.00
Nonrecurring	\$100.48
DA Interconnection per DA Access Service Call	\$0.0009
Installation - NRC, Per Trunk or Signaling Connection - First / Additional	\$915.00 / \$100.00
Collocation	
Application - Per Arrangement / Per Location - Nonrecurring	\$3,850.00
Space Preparation Fee - Nonrecurring	ICB
Space Construction Fee - Nonrecurring	\$4,600.00
Cable Installation - Per Entrance Cable	\$2,750.00
Floor Space Zone A, Per Square Foot, Per Month	\$7.50
Floor Space Zone B, Per Square Foot, Per Month	\$6.75
Power Per AMP, Per Month	\$5.00
Cable Support Structure, Per Entrance Cable	\$13.35
POT Bay (Optional Point of Termination Bay)	
Per 2-Wire Cross - Connect, Per Month	\$0.06
Per 4-Wire Cross - Connect, Per Month	\$0.16
Per DS1 Cross - Connect, Per Month	\$1.20
Per DS3 Cross - Connect, Per Month	\$8.00
Cross-Connects	
2-Wire Analog, Per Month	\$0.31
4-Wire Analog, Per Month	\$0.62
Nonrecurring 2-wire and 4-wire	\$18.00
DS1, Per Month	\$8.00
Nonrecurring - First / Additional	\$155 / \$27.00
DS3, Per Month	\$72.00
Nonrecurring - First / Additional	\$156 / \$27.00
Security Escort	
Basic - 1st half hour	\$41.00
Overtime - 1st half hour	\$48.00
Premium - 1st half hour	\$56.00
Basic - additional	\$25.00
Overtime - additional	\$30.00
Premium - additional	\$36.00

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

AT&T COMMUNICATIONS OF THE
SOUTH CENTRAL STATES, INC., *ex parte*

DOCKET U-22145

IN RE: IN THE MATTER OF THE INTERCONNECTION AGREEMENT
 NEGOTIATIONS BETWEEN AT&T COMMUNICATIONS OF THE SOUTH
 CENTRAL STATES, INC. AND BELL SOUTH TELECOMMUNICATIONS, INC.,
 OF THE UNRESOLVED ISSUES REGARDING COST-BASED RATES FOR
 UNBUNDLED NETWORK ELEMENTS, PURSUANT TO THE
 TELECOMMUNICATIONS ACT NUMBER 47 U.S.C. 252 OF 1996

ORDER U-22145
(Decided January 15, 1997)

In February, 1996 Congress passed the Telecommunications Act of 1996¹ (the "Act" or the "federal Act"), which adopts a framework to open all local telecommunications markets to competition by requiring incumbent local telephone companies ("ILECs") to provide to competitors ("CLECs") interconnection and access to unbundled network elements.² The Act also required the Federal Communications Commission ("FCC") to promulgate rules effectuating the Act within six (6) months. The FCC ultimately issued its Order 96-325 (the "FCC Order"), which was almost immediately appealed by numerous parties, including this Commission. The United States Eighth Circuit Court of Appeals has issued a stay of certain portions of that Order pertaining principally to pricing. Those portions of the FCC Order which were not stayed are presently binding, and are utilized to resolve several of the issues presented herein.

¹Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56, *to be codified at* 47 U.S.C. §§ 151 *et. seq.*

²"Interconnection" is the physical joining of two networks for the purposes of transmitting calls between them. "Unbundled network elements" are the individual components of the network, including both equipment and functions, that are used in various combinations to provide telephone services.

Under the Act, incumbent local phone companies are under an affirmative duty to engage in good faith negotiations to establish the terms and conditions of an Interconnection Agreement with any requesting party. Should such negotiations fail to lead to the execution of an Interconnection Agreement, 47 U.S.C. §252(b) provides either party with the right to petition the State Public Service Commission to "arbitrate any open issues." A State Commission must then resolve these issues in accordance with §§251 and 252 of the Act within ninety days of receipt of such a Petition, subject to review by the federal district courts.

AT&T of the South Central States, Inc. ("AT&T") initiated this arbitration proceeding seeking rates, terms and conditions for a proposed agreement between itself and BellSouth Telecommunications, Inc. ("BellSouth"), by filing a Petition for Arbitration with the Louisiana Public Service Commission (the "Commission") on September 20, 1996. AT&T asked the Commission to conduct arbitration proceedings pursuant to Section 252(b) of the Act to resolve issues that have been subject of negotiations which commenced by formal request on April 15, 1996.

In its Petition for Arbitration, AT&T initially asked the Commission to resolve thirty (30) issues. However, ongoing negotiations between BellSouth and AT&T led to the resolution of several of these issues. For purposes of this report, the original, thirty-count enumeration of issues contained in AT&T's original Petition are retained. Two days of hearings on December 16 and 17, 1996 before Brian A. Eddington, who was appointed Arbitrator in this matter. The Arbitrator subsequently issued his Report and Recommendation, which was considered by the Commission at its Open Session held on January 15, 1997. Following debate, the Commission voted to accept the Report and Recommendation, subject to several amendments.

ANALYSIS OF THE ISSUES PRESENTED FOR REVIEW:

ISSUE 1: What Services May BellSouth exclude from resale?

AT&T's Position: *It is AT&T's position that by requiring BellSouth to provide all of its services for resale will ensure that all Louisiana consumers will be able to select the carrier of their choice without a loss of any services for which they presently subscribe from BellSouth. It will take many years to replicate the local exchange network of BellSouth in all parts of Louisiana. The time and costs needed for facilities-based competition is why resale is so important. Resale provides an opportunity for carriers to enter the market more quickly and to establish a base of customers to support later facilities deployment. The history of the interexchange market proves that a comprehensive resale requirement provided a quick means for new players to enter into the interexchange market leading to facilities deployment. Resale enabled new carriers to create new offerings which put pressure on all carriers to drop prices, add new services, and deploy new technologies to match competing offers. BellSouth may deny AT&T the right to purchase services only if BellSouth has proven that such restrictions are narrowly tailored, reasonable and non-discriminatory. FCC Order No. 96-325 ¶ 939. AT&T contends BellSouth has failed to meet this burden.*

BellSouth's Position: *BellSouth's position is that LinkUp and LifeLine services, N11 services (including 911 and E911), and the Louisiana Educational Discount service should not be available for resale. Additionally, BellSouth disputes AT&T's position that Contract Service Agreements ("CSAs") should be made available for resale. BellSouth believes that CSAs should not be made available for resale at all. Alternatively, and should the Commission determine that CSAs should be made available for resale, then the wholesale resale discount should not apply to*